



**Denali Commission**  
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## **RESOLUTION NO. 05-21**

### **A RESOLUTION TO ESTABLISH A BUDGET AND AUDIT COMMITTEE**

WHEREAS, the Denali Commission Act of 1998 (Title III, P.L. 105 – 277, 42 USC 3121) created a state-federal partnership to address critical needs of rural Alaska communities; and

WHEREAS, since its enactment, the Commission has sought to deliver the services of the federal government in the most cost effective manner, by reducing administrative and overhead costs, providing needed job training and other economic development services in rural communities, and has promoted rural development, power generation and transmission facilities, modern communication systems, bulk fuel storage tanks and other infrastructure needs; and

WHEREAS, through the vision and leadership of Senator Stevens, the Commission has made a positive difference in the lives of those who reside in rural Alaska; and

WHEREAS, the Commission believes that, due to the expanding responsibilities of the Commission since its creation in 1998, it is timely and appropriate to review its internal policies and procedures and its organizational structure, including a review of the Denali Code; and

WHEREAS, at the Commission's Quarterly meeting held on January 28, 2005 in Juneau, Alaska, the Commission unanimously approved the formation of a Denali Commission Code Review Committee and an Audit Committee; and

WHEREAS, it is appropriate that the two proposed committees be combined into one Budget and Audit Committee having the additional authority to review the Denali Code and make recommendations to the full Commission on changes and improvements to the Code; and

WHEREAS, the Budget and Audit Committee shall be established as a standing committee of the Commission and shall be composed of three Commissioners appointed by the Commission; and

WHEREAS, the Budget and Audit Committee shall be responsible for recommending to the Commission the selection of an external audit firm, shall be the recipient of any reports from the external audit firm and shall supervise the compliance of the Commission with recommendations of those reports; and

WHEREAS, the Budget and Audit Committee shall concern itself with matters pertaining to internal controls, computer security and accounting methods of the Commission and other such duties as may be requested by the Commission; and

NOW THEREFORE BE IT RESOLVED, that the Commission hereby adopts the following as the purpose, structure, responsibilities and duties of the Audit Committee.

I. Budget and Audit Committee Purpose

- a) Monitor the integrity of the financial reporting process and systems of internal controls regarding finance, accounting and legal compliance.
- b) Monitor the independence and performance of the Denali Commission's independent auditors.
- c) Provide an avenue of communication among the independent auditors, Federal Co-Chair, Director of Finance and the Commission.

The Budget and Audit Committee has the authority to conduct any investigation appropriate to fulfilling its responsibilities and it has direct access to the independent auditors, the Inspector General, as well as Denali Commission management and staff, legal counsel and program partners. The Committee may retain, at the expense of the Commission and consistent with applicable procurement requirements, special legal, accounting or other consultants it considers necessary in the performance of its duties.

II. Qualifications of the Budget and Audit Committee Members

- a) The Committee consists of at least three Commissioners, each of whom must have a basic understanding of finance and accounting and be able to read and understand fundamental financial statements. At least one member of the Commission must have accounting or related financial management experience. The Federal Co-Chair, as the Chief Executive Officer of the Commission, shall not serve on the Audit Committee.
- b) The Committee shall meet at least two times annually, or more frequently as circumstances dictate. The Committee Chair shall prepare and/or approve an agenda in advance of each meeting. The Committee should meet at least annually with the Federal Co-Chair, the Director of Finance and the independent auditors to discuss as a Committee any matters that the Committee, or any of these persons or groups believes should be addressed. In addition, the Committee, or at least its Chair, should communicate with management and independent auditors from time to time as necessary to review the Commission's financial statements and significant findings based upon the auditor's procedures.

III. The Budget and Audit Committee Responsibilities and Duties

The Committee shall carry out the following review responsibilities:

- a) Review and assess the adequacy of Audit Committee responsibilities at least annually and submit recommended changes to the Commission for approval.
- b) Review the annual audited financial statements prior to filing or distribution of the final report. This review should include discussions with the Federal Co-Chair, the Director of Finance and the independent auditors of significant issues regarding accounting principles, practices and judgments.
- c) In consultation with the Federal Co-Chair, the Director of Finance and the independent auditors consider the integrity of the financial reporting processes and controls, discuss significant financial risk exposures and the steps management has taken to monitor, control and report such exposures and review significant findings prepared by the independent auditors and the Director of Finance.
- d) Discuss any significant changes to applicable accounting principles and any items required to be communicated by the independent auditors. The Chair of the Committee may represent the entire Commission for purposes of this review.
- e) At least annually, review with the Commission's counsel any legal matters that could have a significant impact on the organization's financial statements, the Commission's compliance with applicable laws and regulations and any inquiries received from regulators or governmental agencies.
- f) Review financial and accounting succession planning within the Commission
- g) Periodically perform self-assessment of the Committee's performance.
- h) Review periodically the Commission's ethical conduct procedures and make appropriate recommendations to the Commission.
- i) Make recommendations to the Commission on the Administrative Budget
- j) Review and make recommendations to the Commission on internal policy procedures and organizational structure.

IV. The Committee shall have the following responsibilities with respect to the Commission's independent auditors:

- a) Review the independence and performance of the auditors and periodically recommend to the Commission the appointment of the independent auditors or approve any discharge of auditors when circumstances warrant.
- b) Approve the request for the proposal process for selection of independent auditors.
- c) On an annual basis, review and discuss with the independent auditors all significant relationships the auditors have with the Commission that could impair the auditor's independence.
- d) Review the independent auditor's audit plan; discuss scope, staffing, locations, reliance upon management and internal audit and general audit approach.
- e) Consider the independent auditor's judgments about the quality and appropriateness of the Commission's accounting principals as applied in its financial reporting.

- f) Discuss with management and the independent auditors the quality of the accounting principals and underlying estimates used in the preparation of the Commission's financial statements.
- g) Discuss with the independent auditors the clarity of the financial disclosure practices used or proposed by the Commission.


In addition, the Committee shall:


- a) Perform such other activities consistent with its responsibilities or as the Commission may otherwise request.
- b) Maintain minutes of Committee meetings and periodically report to the Commission on significant results of the Committee's activities.

### **CERTIFICATION**

We, the undersigned, hereby certify that the Denali Commission is comprised of seven members (or their duly appointed alternate), of whom 7, consisting a quorum, were present at a meeting duly and regularly called, noticed, convened and held this 28th day of April, 2005, and that the foregoing Resolution was duly adopted at said meeting by the affirmative vote of 7 members, and opposed by 0 members, and that said Resolution has not been rescinded or amended in any way.

Signed and dated this 28th day of April, 2005.

  
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Jeffrey B. Staser  
Federal Co-Chair

  
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Governor Frank H. Murkowski  
State Co-Chair